MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2017/2018

BCE2034-PROJECT CYCLE AND PROJECT EVALUATION

(All sections / Groups)

12 MARCH 2018
2.30 p.m. – 4.30 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **TWO (2)** sections in **FIVE (5)** printed pages:
   Section A: Ten (10) True or False Questions
   Section B: Two (2) Structured Questions

2. Answer **ALL** questions in the answer booklet provided.

3. Marks are shown at the end of each question.

SECTION A: TEN (10) TRUE OR FALSE QUESTIONS (30 marks)

State whether the following statements is True or False, and explain why.

(1) Financial risk is one of the project constraints that affect a project's success.

(2) The concept of present value is used in calculating internal rate of return.

(3) A project charter and request for proposal are the same documents.

(4) The methods of simple exponential smoothing and moving average can be used to forecast the trend of a series.

(5) Project material cost increases due to unanticipated inflation rate is an example of cost risk.

(6) As a contractor, fixed-price contract is appropriate for projects with high risks and full of uncertainties.

(7) Appropriate technology refers to those methods of production which are suitable to local economic, social and cultural conditions.

(8) DPulze shopping mall in Cyberjaya is an example of mega project.

(9) In Capital Asset Pricing Model (CAPM), the beta measures the systematic risk of a project.

(10) There are two principal sources of uncertainties in demand forecasting, which are methods of forecasting and environmental change.

[Total marks: 30 marks]

Continued...

SECTION B: TWO (2) STRUCTURED QUESTIONS (70 marks)

Question 1

Read the following passage:

PM officiates Cyberjaya City Centre transit-oriented development project

CYBERJAYA, May 31 — Prime Minister Datuk Seri Najib Razak today officiated the 57.06 hectare transit-oriented development (ToD) called Cyberjaya City Centre with a gross development value (GDV) of RM5.3 billion for the first phase of the project.

A joint development between Malaysian Resources Corporation Bhd and Cyberview Sdn Bhd, the project would be developed in three phases with a total GDV of RM11 billion. Saying that the latest ToD project would take the nation's technology hub to the next level, Najib added that the Cyberjaya City Centre would be a high-impact development and the key investment in Cyberjaya.

"The project will be a game changer and will completely transform Cyberjaya into a global technology hub and smart city. Najib said the digital economy had the potential to contribute 20 per cent towards the country's Gross Domestic Product by 2020.

"In mobilising the digital economy, the development of a conducive digital ecosystem must be given emphasis," he said, adding that since the past few years, the economic agenda has been stepped up and fine-tuned from time to time via several initiatives and cooperation which were introduced to strengthen the objective.

Najib said technology (tech) companies in Cyberjaya had generated revenue of more than RM12.5 billion last year. "This is an increase of 28 per cent from 2015 and the total investments by these companies in 2016 reached more than RM8 billion," he said. Cyberjaya, currently, had more than 800 tech companies and 48 of them were multinational companies.

Meanwhile, the main feature of the Cyberjaya City Centre ToD project would be its connectivity via rail and road. Located adjacent to Putrajaya, the Federal administrative capital of Malaysia, it is connected to Kuala Lumpur via two major expressways and would be integrated with the upcoming MRT Line 2 (Kajang-Serdang-Putrajaya).

Cyberjaya City Centre will feature a convention centre and hotel, office towers integrated with a Mass Rail Transit station, shopping mall, as well as, serviced apartments with retail outlets and would form an integral part of Malaysia's Multimedia Super Corridor. — Bernama

Source: The Malay Mail Online on 31 May 2017.

Continued...

Based on the passage above, answer the following questions:

(a) Discuss **FOUR (4)** potential project constraints in Cyberjaya City Centre. (12 marks)

(b) Explain **THREE (3)** key environmental concerns that are related to Cyberjaya City Centre. (9 marks)

(c) Explain **THREE (3)** key social concerns that are related to Cyberjaya City Centre. (9 marks)

(d) Develop a risk assessment matrix with **THREE (3)** types of potential risks for Cyberjaya City Centre. (15 marks)

[Total marks: 45 marks]

Question 2

(a) Suppose you have an idea of selling home-made playdough in the Cyberjaya area. You are required to estimate the sales of the playdough before you run the business.

Table 1

Children population for age below 16 years old	100,000
Proportion of children population playing playdough	60%
Number of playdough a child requires in a year	20 jars
Proportion of playdough bought that is home-made	30%
Proportion of home-made playdough market for your business	10%

Given the information in **Table 1**, calculate the potential sales of home-made playdough for your business using the chain ratio method. (7 marks)

(b) Harriett is planning to run a daycare centre in Multimedia University, Cyberjaya campus. Assume the estimated cost and revenue is known and is presented in **Table 2**. As her business consultant, you are required to consult her whether the business is worth pursuing using the following investment criteria (assume the capital cost is 10%):

Table 2

Period	Estimated Cost/ Revenue (RM)
0	(35,120.20)
1	10,000.00
2	15,000.00
3	20,000.00

Continued...

Show all calculations.

(i) Net present value (NPV) (4 marks)

(ii) Internal rate of return (IRR) (4 marks)

(iii) Discounted payback period (4 marks)

(iv) Based on the answer from part (i) to (iii), justify your recommendation. (6 marks)

[Total marks: 25 marks]

End of Page

Formula Table

$$NPV = \sum_{t=1}^{n} \frac{C_t}{(1+r)^t} - Initial\ Investment$$

Internal rate of return (IRR)

$$0 = \sum_{t=1}^{n} \frac{C_t}{(1+r)^t} - Initial\ Investment$$